

The Washington Utilities and Transportation Commission
Contact: Marilyn Meehan, (360) 664-1116
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UE-050684

Editor's note: This news release DOES NOT discuss a decision by the Washington Utilities and Transportation Commission (UTC). It discusses only a *staff recommendation* to the commission, which the commission members have not yet reviewed but will consider along with evidence provided by other parties to the proceeding. Any positions taken or comments offered by UTC staff regarding this proceeding should be attributed clearly to staff and NOT to the commission.

UTC staff recommend agency deny Pacific Power electric-rate increase
Public hearing on Dec. 1 in Yakima, state regulators to make final decision in late March

OLYMPIA, Wash. – The regulatory staff of the Washington Utilities and Transportation Commission (UTC) today recommended that the agency deny a request by Pacific Power for a 17.9% increase in electric rates.

The staff made its recommendation in written testimony filed today with the commission. The testimony takes issue with Pacific Power's request to include costs of power plants that, according to the staff experts, are used to serve customers in the company's Utah service territory. The commission staff's finance expert contends that the company is requesting an excessive level of profits for its stockholders. The staff members' calculations show that a small rate decrease is justified.

The commission's regulatory staff makes independent recommendations in contested rate cases, and its recommendations are not binding on the UTC. The three-member board will consider the staff recommendation along with those of Pacific Power and other parties and will make a final decision in late March 2006. Pacific Power is a part of PacifiCorp, which operates in six western states.

The UTC staff finds that Pacific Power could decrease its electric rates slightly and still earn a fair profit. With the staff's recommended adjustment, the bill for the average residential customer of Pacific Power would decrease by about \$1.46, or 2.2 percent a month, from \$65.82 to \$64.36.

Pacific Power customers will be able to tell state regulators their views on the proposed rate increase at a public hearing scheduled at 6 p.m. Thursday, Dec. 1 in Hearing Room Number B-33 of the Yakima County Courthouse, 128 North Second St., Yakima.

The company originally filed a rate-increase request with the UTC on May 6. The company asked for an overall increase of nearly 18 percent, or \$39.2 million a year in new revenue. Under the company's proposal, a

residential customer using 500 kilowatt-hours a month would pay an additional \$5 on their electric bill. For those residents using 1,300 kilowatt-hours per month, electricity bills would go up to \$15.86 monthly.

The commission has received two public comments to date, both opposing the proposed rate hike. Members of the public who are unable to attend the public meeting but wish to comment on the Pacific Power rate-increase proposal can direct their correspondence to: P.O. Box 47250, Olympia, Wash. 98504 or send comments electronically to comments@wutc.wa.gov.

The commission staff is one of six parties in the case. Environmental and low-income groups, the company, large industrial users, and the Public Counsel section of the Attorney Generals' Office are some of the other parties who could file testimony today in Pacific Power's rate case.

On May 23, Des Moines, Iowa-based MidAmerican Energy Holdings Co., agreed to purchase Pacific Power's parent company, PacifiCorp, from ScottishPower. MidAmerican is majority owned by Warren Buffett's Berkshire Hathaway. The \$9.4 billion sale proposal is under review in a separate proceeding by the UTC and state regulators in the five other states in PacifiCorp's service territory.

The UTC is the state agency in charge of regulating private, investor-owned electric utilities in Washington. The commission's responsibility is to ensure regulated companies provide safe and reliable service to customers at reasonable rates, while allowing them the opportunity to earn a fair profit.

Portland, Ore.-based Pacific Power provides electricity service in six Western states: Utah, Oregon, Idaho, Wyoming, California and Washington. In 1999 Pacific Power merged with United Kingdom-based ScottishPower. PacifiCorp, which does business as Pacific Power & Light Co. in Central and Southeast Washington, has 125,000 electric customers in five counties: Columbia, Garfield, Kittitas, Walla Walla and Yakima. The utility serves the cities of Sunnyside, Selah, Pomeroy, Yakima, Toppenish, Walla Walla and Dayton.

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Editor's note: A copy of the commission staff members' testimony is available at the UTC's website: www.wutc.wa.gov/050684